

AMENDED IN SENATE APRIL 28, 2011

AMENDED IN SENATE APRIL 25, 2011

AMENDED IN SENATE APRIL 14, 2011

AMENDED IN SENATE MARCH 29, 2011

SENATE BILL

No. 447

Introduced by Senator DeSaulnier

February 16, 2011

An act to add ~~Section 12322 to the Government Code, relating to state government~~ *Division 21 (commencing with Section 52000) to the Financial Code, relating to financial institutions.*

LEGISLATIVE COUNSEL'S DIGEST

SB 447, as amended, DeSaulnier. ~~Treasurer: banking deposits and contracts.~~ *Financial institutions: disclosures.*

Existing law ~~requires the Treasurer to receive and keep in the vaults of the State Treasury or deposit in banks or credit unions all moneys belonging to the state. Existing law requires the Treasurer to keep an account of all money received and disbursed. Existing law requires the Treasurer to report daily to the Controller the amounts disbursed during the preceding day and the funds out of which the disbursements were paid~~ *regulates the operation of various financial institutions. The California Research Bureau within the California State Library provides nonpartisan research services to the Governor, the Legislature, and other state elected officials.*

This bill would ~~prohibit the Treasurer from depositing any money of the state in, or from entering into any contracts with,~~ *require* a financial institution, as defined, ~~unless the financial institution has provided to provide to the California Research Bureau, and the Treasurer has~~

considered; specified information relating to, among other things, the location of branches of the financial institution in California, the lending and investment practices of the financial institution, including community reinvestment activities, and participation of the financial institution in certain mortgage assistance programs. The bill would provide that the California Research Bureau would not be required to receive this information from financial institutions that have assets totaling less than \$10 billion.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 12322 is added to the Government Code,~~
2 ~~to read:~~

3 ~~12322. (a) Except as provided in subdivision (h), the Treasurer~~
4 ~~shall not deposit any money belonging to the state in, or enter into~~
5 ~~any contracts with, a financial institution unless the financial~~
6 ~~institution has provided the California Research Bureau with, and~~
7 ~~the Treasurer has considered, all of the following~~

8 ~~SECTION 1. Division 21 (commencing with Section 52000) is~~
9 ~~added to the Financial Code, to read:~~

10
11 ***DIVISION 21. DISCLOSURE REQUIREMENTS OF***
12 ***NATIONAL BANKS.***

13
14 ~~52000. (a) Except as provided in subdivision (f), a financial~~
15 ~~institution doing business in the state shall provide to the California~~
16 ~~Research Bureau all of the following information on an annual~~
17 ~~basis:~~

18 ~~(1) Percentage of California branches of the financial institution~~
19 ~~in low- and moderate-income census tracts.~~

20 ~~(2) Percentage of California branches of the financial institution~~
21 ~~in low-income census tracts.~~

22 ~~(3) Percentage of multifamily loans in low- and~~
23 ~~moderate-income census tracts in the state.~~

24 ~~(4) Total community development lending in the state, expressed~~
25 ~~as a percentage of total banking deposits.~~

26 ~~(5) Percentage of California community development loans to~~
27 ~~nonprofit borrowers.~~

1 (6) Percentage of California home purchase loans to low- and
2 moderate-income borrowers.

3 (7) Percentage of total deposits spent on philanthropic or
4 charitable donations in the state.

5 (8) Participation in CalHFA's Unemployment Mortgage
6 Assistance Program, with regard to loans serviced by the financial
7 institution, as expressed by the total number of borrowers
8 participating in the state and total number of borrowers who have
9 applied for assistance in the state and have been referred as eligible
10 candidates by CalHFA.

11 (9) Participation in CalHFA's Mortgage Reinstatement
12 Assistance Program, with regard to loans serviced by the financial
13 institution, as expressed by the total number of borrowers
14 participating in the state and total number of borrowers who have
15 applied for assistance in the state and have been referred as eligible
16 candidates by CalHFA.

17 (10) Participation in CalHFA's Principal Reduction Program,
18 with regard to loans serviced by the financial institution, as
19 expressed by the total number of borrowers participating in the
20 state and total number of borrowers who have applied for assistance
21 in the state and have been referred as eligible candidates by
22 CalHFA.

23 (11) Participation in the federal Home Affordable Modification
24 Program, administered by Fannie Mae, as expressed by the total
25 number of borrowers participating in the state and total number
26 of borrowers who have applied for assistance in the state.

27 ~~(b) For purposes of subdivision (a), the Treasurer may request~~
28 ~~additional information from a financial institution related to its~~
29 ~~lending, investing, or community reinvestment activities.~~

30 ~~(c) To the extent that competing financial institutions offer~~
31 ~~investment instruments and banking services of substantially~~
32 ~~equivalent safety, liquidity, yield, and reliability, the Treasurer~~
33 ~~may consider the information required under this section to~~
34 ~~differentiate between financial institutions when making investment~~
35 ~~decisions on behalf of the state.~~

36 ~~(d)~~

37 (b) A financial institution reporting participation in any mortgage
38 modification program shall provide the California Research Bureau
39 with information on both the number of trial modifications and
40 permanent modifications whenever applicable.

1 ~~(e)~~

2 (c) A financial institution reporting a percentage under this
3 section shall also indicate the absolute value of the numerator and
4 denominator used in calculating the percentage.

5 ~~(f)~~

6 (d) Reporting participation in a mortgage assistance program
7 specified in subdivision (a) shall not be required if that program
8 ceases to operate.

9 ~~(g)~~

10 (e) All data reported on lending pursuant to this section shall
11 be reported using the book value of loans.

12 ~~(h)~~

13 (f) The California Research Bureau shall not be required to
14 receive information pursuant to this section from a financial
15 institution that has assets totaling less than ten billion dollars
16 (\$10,000,000,000).

17 ~~(i)~~

18 (g) For purposes of this section:

19 (1) “CalHFA” means the California Housing Finance Agency.

20 (2) “Community development loans” means loans made for
21 affordable housing, including multifamily rental housing, for low-
22 or moderate-income individuals, community services targeted to
23 low- or moderate-income individuals, activities that promote
24 economic development by financing businesses or farms that meet
25 the size eligibility standards of the United States Small Business
26 Administration’s Certified Development Company or Small
27 Business Investment Company programs (13 C.F.R. 121.301) or
28 have gross annual revenues of one million dollars (\$1,000,000) or
29 less, and activities that revitalize or stabilize low- or
30 moderate-income geographies or designated disaster areas.

31 (3) “Financial institution” means a depository institution, as
32 defined in Section 1832(b) of Title 12 of the United States Code,
33 a commercial bank or trust company, an agency branch of a foreign
34 bank in the United States, a credit union, a thrift institution, a
35 broker or dealer registered with the United States Securities and
36 Exchange Commission under the Securities Exchange Act of 1934,
37 a broker or dealer in securities or commodities, an investment bank
38 or investment company, or an industrial bank.

39 (4) “Home purchase loan” means any loan secured by, and made
40 for the purpose of purchasing, a dwelling.

1 (5) “Low income” means an individual income that is less than
2 50 percent of the median income, or a family income that is less
3 than 50 percent of the median family income, in a geographic area.

4 (6) “Moderate income” means an individual income that is at
5 least 80 percent of, and less than 120 percent of, the median
6 income, or a family income that is at least 80 percent of, and less
7 than 120 percent of, the median family income, in a geographic
8 area.

9 (7) “Multifamily” refers to a residential structure that contains
10 five or more units.